

ARIZONA STATE SENATE

RESEARCH STAFF



TO: MEMBERS OF THE TRANSPORTATION
AND TECHNOLOGY COMMITTEE

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SUBJECT: Strike everything amendment to S.B. 1146, relating to registration fees; VLT; gas tax

Purpose

Modifies and imposes various fees relating to motor vehicles for deposit into the Arizona Highway Patrol Fund and imposes a tax on natural gas used for the propulsion of motor vehicles. Contains requirements for enactment and becomes effective on the signature of the Governor (Proposition 108).

Background

Motor Fuel Tax

Statute imposes tax on motor fuel in order to partially compensate the state for the use of its highways. Motor fuel tax is conclusively presumed as a direct tax on the consumer or user and is collected by suppliers and remitted to the Arizona Department of Transportation (ADOT). Arizona's current state tax rate for motor vehicle fuel (gasoline) is fixed at 18 cents per gallon. Use fuel (diesel) tax is fixed at 26 cents per gallon for use class motor vehicles and 18 cents per gallon for light class motor vehicles. The majority of motor vehicle tax revenues are deposited into the Highway User Revenue Fund. Current statute provides an exception to statutorily levied motor fuel tax for alternative fuels (A.R.S. Title 28, Chapter 16).

Alternative fuel includes electricity, solar energy, liquefied petroleum gas, natural gas, hydrogen or hydrogen blends, use alcohol fuels and hybrid containing no more than 30 percent petroleum (A.R.S. § 1-215).

Highway Patrol

The Highway Patrol Division of the Arizona Department of Public Safety (DPS) is charged with patrolling the highways of the state, both day and night, enforcing the laws of the state as well as investigating accidents which occur upon the highways, procuring the names of drivers and descriptions and license numbers of the motor vehicles involved and transmitting forthwith to the vehicle superintendent a copy of the report of the investigation. The Highway Patrol Division is funded by the Arizona Highway Patrol Fund, which statutorily consists of the following funding sources: 1) Highway User Revenue Fund monies appropriated by the Legislature; 2) miscellaneous service fees; 3) rewards; 4) awards; 5) insurance recoveries; 6) monies derived from the sale or disposal of highway patrol property; 7) excess monies collected from insurance premiums for the Public Safety Retirement System Highway Patrol Account; and, 8) administrative charges collected for vehicles immobilized or impounded that were removed, immobilized or impounded and stored by DPS (A.R.S. Title 41, Chapter 12, Article 3).

The bill includes various fees relating to motor vehicles and a tax in an unspecified amount on natural gas used for the propulsion of vehicles.

Provisions

Natural Gas Tax

1. Imposes a tax on natural gas used for the propulsion of vehicles and requires collection procedure to be the same as motor vehicle fuel tax.
2. Stipulates that the Director of ADOT will annually determine the tax rate for each form of natural gas by determining the quantity of natural gas that contains the energy equivalent to one gallon of motor fuel and use fuel and establish a unit of measurement and a tax rate so that the tax rate is nearly equivalent to tax paid if the vehicle used motor fuel or use fuel.

Alternative Fuel Vehicle Fee

3. Imposes a fee on any vehicle that does not rely exclusively on motor fuel and stipulates that the fee is estimated by the Director of ADOT as equivalent to the average annual motor vehicle fuel tax paid for a motor fuel propelled vehicle in this state.

Motor Vehicle Insurance Semiannual Fee

4. Requires insurers issuing motor vehicle insurance policies to pay DPS a semiannual fee determined by the Director of DPS for every vehicle insured.
5. Requires the fee to be fully earned and nonrefundable at the time the motor vehicle insurance premium is collected.
6. Requires monies collected to be deposited semiannually into the Arizona Highway Patrol Fund on January 31 and July 31 covering motor vehicle insurance policies issued for the preceding six-month period.
7. Requires the Director of the Department of Insurance to establish the fee amount for the fiscal year as 120 percent of estimated highway patrol expenses for the upcoming fiscal year, less anticipated monies and current balance, and notify insurers of the fee amount by May 1.

Vehicle License Tax (VLT)

8. Adds a VLT rate of an unspecified amount per each \$100 of a motor vehicle's value for the Arizona Highway Patrol Fund.
9. Adds a VLT of an unspecified amount for initial and renewal registrations for each class of trailer and requires the monies be deposited into the Arizona Highway Patrol Fund.

Miscellaneous

10. Makes technical and conforming changes.
11. Requires for enactment the affirmative vote of at least two-thirds of the members of each house of the Legislature (Proposition 108).
12. Becomes effective on signature of the Governor.

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